



## Market and Trade Data

### Adding to the Mix in Greece's Food Processing Sector

The 2004 Summer Olympic Games attracted more than 14 million visitors to Greece. In 2005, the number of tourists increased to more than 16 million. These numbers not only have had a tremendous effect on the tourism industry, but also they have contributed to a rise in agricultural trade.

Greece, an EU (European Union) member with a population of 11 million, is a food import-dependent country. In 2004, Greece imported \$6.2 billion in agricultural and food products and exported \$3.2 billion.

A large portion of those products are used in the food processing sector, which had earnings of \$12 billion in 2005. While most of these imports come from other EU nations, the United States is a substantial trading partner with Greece, exporting \$167.5 million of agricultural, fish, and forestry products there in calendar year 2005, up from \$127 million in 2004 just a year earlier.

Due to its increasing need for imports, the Greek food processing sector is a growing market with good potential for U.S. exporters.

#### Market Access and Potential

The Greek food processing sector now forms 23 percent of the manufacturing sector and employs 23 percent of the labor force. Additionally, Greece has more than 300,000 trading establishments, most of which are family-owned businesses that deal in a narrow range of foods.

Eighty percent of Greece's import trade is handled through sales agents or distributors. Distributors operate on a wholesale or retail basis, often with exclusive sales rights for either certain districts or the entire country. The agents usually undertake promotional campaigns for the products they import, and most distributors have nationwide distribution channels.

Many Greek importers favor U.S. products because of their good quality and variety. Greek imports have risen over the past year and are expected to continue to increase. Greece's major imports from the United States include tree nuts, poultry meat, processed fruits and vegetable juices, edible dry beans, and fresh fruits.

Additionally, the exchange rate between the dollar and the euro has recently favored U.S. products. The average rate in 2005 was \$1.00 = € 0.788.

While most Greek food habits remain traditional, social changes, an increase in disposable income, and growing independence of Greek teenagers are increasing eating out, catering, and fast food consumption. In 2004, fast-food chain restaurant sales were \$500

***In calendar year 2005, more than half of Greece's imports of U.S. agricultural, fish, and forest products – \$95.2 million – were consumer-oriented products.***

million. As a result, consumer-oriented products constitute the fast-growing category of Greece's imports from the United States. In 2005, Greece's imports of U.S. consumer-oriented products reached a record \$95.2 million.

Greece also has potential for commodities like frozen foods, snack foods, ingredients and beverages. Due to limited local production and high production costs, Greece is a promising market for imported wines.

The nut and dried fruit market is also experiencing an upward trend, and the market favors companies that offer high quality products at fair prices. Large consumption coupled with insufficient local production provide good potential for tree nut imports from the United States, including almonds, pistachios, hazelnuts, and pecans.

Additionally, sales in the frozen seafood market has increased a steady 6 percent annually over the last several years, and this trend is expected to continue due to new products and higher quality.

#### Potential Challenges

While the current and potential market for U.S. commodities is growing, U.S. exporters to Greece still face several challenges.

One is increasing competition from other EU countries, which already supply most of the

imported food products in Greece. For example, in 2004, other EU members supplied \$4.2 billion of Greece's total of \$6.2 billion in imports.

Average tariff levels also remain high, increasing product prices. And Greece requires all labels to be in Greek, although multi-language labels are accepted. All Greek labeling and ingredient requirements are based on EU rules and regulations; so Greece maintains specific labeling and ingredient rules for some food products under the Greek Food Code.

Additionally, some Greek importers' awareness of the high quality, variety, and availability of U.S. food products remains limited. Products new to the Greek market must also be approved

first by the General Chemical State Laboratory. Therefore, it is very important to have an agent or joint venture partner with access to a service network and the skills needed to support for venture.

Despite these challenges, however, Greece is still a growing market with good potential for U.S. exporters. Now, U.S. exporters need to focus on innovative products to attract Greek importers. ■

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